

**Introduced by Senator De León**

February 21, 2014

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An act to amend Section 44125 of, and to add Chapter 8.5 (commencing with Section 44258) to Part 5 of Division 26 of, the Health and Safety Code, relating to vehicular air pollution.

**LEGISLATIVE COUNSEL'S DIGEST**

SB 1275, as introduced, De León. Vehicle retirement and replacement: Charge Ahead California Initiative.

(1) Existing law creates an enhanced fleet modernization program for the retirement of high polluting vehicles to be administered by the Bureau of Automotive Repair pursuant to guidelines adopted by the State Air Resources Board. Existing law requires the program's guidelines to be updated no later than June 30, 2015. Existing law requires the updated guidelines to ensure vehicle replacement be an option for all motor vehicle owners and may be in addition to compensation for vehicles retired, as specified.

This bill would require the updated guidelines to ensure there be a mobility option, as defined, and that the compensation for a mobility option be no less than the combination of what the motor vehicle owner would have received as compensation toward a replacement vehicle and the amount of a specified incentive available for a qualified plug-in battery electric vehicle. The bill also would require the updated guidelines to ensure the inclusion of car sharing, as specified.

(2) Existing law establishes the Air Quality Improvement Program that is administered by the State Air Resources Board for the purposes of funding projects related to, among other things, reduction of criteria air pollutants and improvement of air quality. Pursuant to the Air Quality Improvement Program, the state board has established the Clean Vehicle

Rebate Project to promote the production and use of zero-emission vehicles and the Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project to provide vouchers to help California fleets to purchase hybrid and zero-emission trucks and buses.

This bill would establish the Charge Ahead California Initiative to be administered by the state board, in consultation with the State Energy Resources Conservation and Development Commission, air pollution control and air quality management districts, and public stakeholders. The bill would require the state board to adopt, no later than June 30, 2015, a 9-year funding plan, commencing in the 2016–17 fiscal year, to fund specified programs and projects; to adopt, no later than June 30, 2015, specified revisions to the criteria and guidelines for the Clean Vehicle Rebate Project and the Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project; and to establish programs that further increase access and direct benefits for disadvantaged and low- and moderate-income communities from electric transportation.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. The Legislature finds and declares all of the
- 2 following:
- 3 (a) Seven of the 10 worst polluted cities in the United States
- 4 are in California. California has the largest proportion of its
- 5 population, over 40 percent, living close or near busy roadways
- 6 and who may be exposed to an elevated risk of air pollution and
- 7 health impacts.
- 8 (b) California's low-income and disadvantaged populations
- 9 continue to face disproportionate impacts from substandard air
- 10 quality in the form of higher rates of respiratory illnesses,
- 11 hospitalizations, and premature death. Climate change is expected
- 12 also to have disproportionate impacts on disadvantaged,
- 13 low-income, and other vulnerable communities in California.
- 14 (c) Residents and businesses annually spent more than \$70
- 15 billion in transportation fuel bills.
- 16 (d) Cars and trucks are the single largest source of global
- 17 warming pollution in California. They also are the largest
- 18 contributor to air pollution that harms public health.

1 (e) Zero-emission and near-zero-emission vehicles, including  
2 light-, medium-, and heavy-duty vehicles and buses, can improve  
3 the health and welfare of all residents, especially those in lower  
4 income households and disadvantaged communities, by reducing  
5 air pollution and greenhouse gas emissions.

6 (f) California businesses stand to benefit from increased  
7 deployment of zero-emission and near-zero-emission vehicles  
8 through reduced fuel expenditures and reduced pollution exposure  
9 to workers and communities.

10 (g) California attracts over half of the nation's venture capital  
11 for clean technology and ranks high among the states in the number  
12 of workers and facilities supporting the clean vehicle and electric  
13 vehicle industries.

14 (h) Automakers and truck manufacturers are in early  
15 commercialization of zero-emission and near-zero-emission  
16 vehicles, which can dramatically lower smog and greenhouse gas  
17 emissions even when emissions from the production, distribution,  
18 and refining of fuels and the generation of electricity are  
19 considered.

20 (i) Electric utilities are providing clean renewable electricity in  
21 increasing amounts to transportation customers throughout the  
22 state. Charging-service providers are beginning to deploy electric  
23 vehicle charging infrastructure throughout the state. Expanding  
24 the market for zero-emission and near-zero-emission vehicles to  
25 under-served markets in California is a priority.

26 (j) Low-carbon transportation has been identified as an eligible  
27 investment under the Greenhouse Gas Reduction Fund Investment  
28 Plan and Communities Revitalization Act (Chapter 4.1  
29 (commencing with Section 39710) of Part 2 of Division 26 of the  
30 Health and Safety Code). The act has identified low-carbon freight  
31 transport and zero-emission passenger transportation as a  
32 recommended area for investment.

33 (k) It is the goal of the state to place in service at least one  
34 million zero-emission and near-zero-emission vehicles within eight  
35 years and to establish a self-sustaining zero-emission and  
36 near-zero-emission vehicle industry in which zero-emission and  
37 near-zero-emission vehicles are a viable mainstream option for  
38 individual vehicle purchasers, businesses, and public fleets.

39 (l) It is the goal of the state to increase access for disadvantaged  
40 and low-income communities to zero-emission and

1 near-zero-emission vehicles and to increase the placement of those  
2 vehicles in those communities in order to enhance the air quality,  
3 lower greenhouse gases, and promote overall benefits for those  
4 communities.

5 (m) It is the intent of the Legislature that this act be consistent  
6 with the appropriations processes and criteria established by the  
7 Greenhouse Gas Reduction Fund Investment Plan and  
8 Communities Revitalization Act (Chapter 4.1 (commencing with  
9 Section 39710) of Part 2 of Division 26 of the Health and Safety  
10 Code).

11 SEC. 2. Section 44125 of the Health and Safety Code is  
12 amended to read:

13 44125. (a) No later than July 1, 2009, the state board, in  
14 consultation with the bureau, shall adopt a program to commence  
15 on January 1, 2010, that allows for the voluntary retirement of  
16 passenger vehicles and light-duty and medium-duty trucks that are  
17 high polluters. The program shall be administered by the bureau  
18 pursuant to guidelines adopted by the state board.

19 (b) No later than June 30, 2015, the state board, in consultation  
20 with the bureau, shall update the program established pursuant to  
21 subdivision (a). The program shall continue to be administered by  
22 the bureau pursuant to guidelines updated and adopted by the state  
23 board.

24 (c) The guidelines shall ensure all of the following:

25 (1) Vehicles retired pursuant to the program are permanently  
26 removed from operation and retired at a dismantler under contract  
27 with the bureau.

28 (2) Districts retain their authority to administer vehicle  
29 retirement programs otherwise authorized under law.

30 (3) The program is available for high polluting passenger  
31 vehicles and light-duty and medium-duty trucks that have been  
32 continuously registered in California for two years prior to  
33 acceptance into the program or otherwise proven to have been  
34 driven primarily in California for the last two years and have not  
35 been registered in another state or country in the last two years.  
36 The guidelines may require a vehicle to take, complete, or pass a  
37 smog check inspection.

38 (4) The program is focused where the greatest air quality impact  
39 can be identified.

(5) (A) Compensation for retired vehicles shall be at least one thousand five hundred dollars (\$1,500) for a low-income motor vehicle owner, as defined in Section 44062.1, and no more than one thousand dollars (\$1,000) for all other motor vehicle owners.

(B) Replacement *or a mobility option* may be an option for all motor vehicle owners and may be in addition to compensation for vehicles retired pursuant to subparagraph (A). For low-income motor vehicle owners, as defined in Section 44062.1, compensation *toward a replacement vehicle* shall be no less than two thousand five hundred dollars (\$2,500) *and compensation for the mobility option shall be no less than the combination of what the motor vehicle owner would have received as compensation toward a replacement vehicle and the amount of an incentive available for a qualified plug-in battery electric vehicle pursuant to the Clean Vehicle Rebate Project, established pursuant to Section 44274.* Compensation for all other motor vehicle owners ~~may~~ shall not exceed compensation for low-income motor vehicle owners.

(C) Compensation for either retired or replacement vehicles for low-income motor vehicle owners may be increased as necessary to maximize the air quality benefits of the program while also ensuring participation by low-income motor vehicle owners, as defined in Section 44062.1. Increases in compensation amounts may be based on factors, including, but not limited to, the age of the retired or replaced vehicle, the emissions benefits of the retired or replaced vehicle, the emissions impact of any replacement vehicle, participation by low-income motor vehicle owners, as defined in Section 44062.1, and the location of the vehicle in an area of the state with the poorest air quality.

(6) Cost-effectiveness and impacts on disadvantaged and low-income populations are considered. Program eligibility may be limited on the basis of income to ensure the program adequately serves persons of low or moderate income.

(7) Provisions that coordinate the vehicle retirement and replacement *and mobility option* components of the program with the vehicle retirement component of the bureau's Consumer Assistance Program, established pursuant to other provisions of this chapter, to ensure vehicle owners participate in the appropriate program to maximize emissions reductions.

(8) Streamlined administration to simplify participation while protecting the accountability of moneys spent.

(9) Specific steps to ensure the vehicle replacement *and mobility option* component of the program is available in areas designated as federal extreme nonattainment.

(10) A requirement that vehicles eligible for retirement have sufficient remaining life. Demonstration of sufficient remaining life may include proof of current registration, passing a recent smog check inspection, or passing another test similar to a smog check inspection.

(d) When updating the guidelines to the program established pursuant to subdivision (a), the state board shall study and consider all the following elements:

(1) Methods of financial assistance other than vouchers.

(2) An option for automobile dealerships or other used car sellers to accept cars for retirement, provided the cars are dismantled consistent with the requirements of the program.

(3) An incentive structure with varied incentive amounts to maximize program participation and cost-effective emissions reductions.

(4) Increased emphasis on the replacement of high polluters with cleaner vehicles or the increased use of public transit *and car sharing* that results in the increased utilization of the vehicle replacement *and mobility option* component of the program.

(5) Increased emphasis on the reduction of greenhouse gas emissions through increased vehicle efficiency or transit *and car sharing* use as a result of the program.

(6) Increased partnerships and outreach with community-based organizations.

(e) *For purposes of this section, the following terms have the following meanings:*

(1) *“Car sharing” has the same definition as in Section 44258.*

(2) *“Mobility option” means a voucher for public transit or car sharing.*

SEC. 3. Chapter 8.5 (commencing with Section 44258) is added to Part 5 of Division 26 of the Health and Safety Code, to read:

#### CHAPTER 8.5. CHARGE AHEAD CALIFORNIA INITIATIVE

44258. For purposes of this chapter, the following terms have the following meanings:

1 (a) “Car sharing” means a model of vehicle rental where users  
2 can rent vehicles for short periods of time and users are members  
3 that have been preapproved to drive.

4 (b) “Near-zero-emission vehicle” means a light-duty plug-in  
5 hybrid electric vehicle or a medium-duty, heavy-duty, or bus hybrid  
6 electric vehicle or plug-in hybrid electric vehicle.

7 (c) “Zero-emission vehicle” means a light-duty, medium-duty,  
8 heavy-duty, or bus battery electric vehicle or hydrogen fuel cell  
9 vehicle.

10 44258.4. (a) The Charge Ahead California Initiative is hereby  
11 established and shall be administered by the state board.

12 (b) The state board, in consultation with the State Energy  
13 Resources Conservation and Development Commission, districts,  
14 and public stakeholders, shall do all of the following:

15 (1) No later than June 30, 2015, adopt a nine-year funding plan,  
16 commencing in the 2016–17 fiscal year, to fund programs and  
17 projects that include, but are not limited to, any of the following:

18 (A) The Clean Vehicle Rebate Project, established pursuant to  
19 Section 44274.

20 (B) The Hybrid and Zero-Emission Truck and Bus Voucher  
21 Incentive Project, established pursuant to Article 3 (commencing  
22 with Section 44274) of Chapter 8.9.

23 (C) The Advanced Technology Demonstration Projects,  
24 established pursuant to Section 44274.

25 (D) Zero-emission and near-zero-emission vehicle fueling  
26 infrastructure projects eligible under the Alternative and Renewable  
27 Fuel and Vehicle Technology Program, established pursuant to  
28 Article 2 (commencing with Section 44272) of Chapter 8.9.

29 (E) Light-duty, medium-duty, and heavy-duty zero-emission  
30 and near-zero-emission vehicle deployment projects eligible under  
31 the Alternative and Renewable Fuel and Vehicle Technology  
32 Program, established pursuant to Article 2 (commencing with  
33 Section 44272) of Chapter 8.9.

34 (F) Medium-duty and heavy-duty zero-emission and  
35 near-zero-emission vehicle technology demonstration projects  
36 eligible under the Alternative and Renewable Fuel and Vehicle  
37 Technology Program, established pursuant to Article 2  
38 (commencing with Section 44272) of Chapter 8.9.

39 (G) Precommercial demonstration projects of advanced freight  
40 technology to move cargo in the state.

1 (H) Programs adopted pursuant to paragraph (4).

2 (2) No later than June 30, 2015, adopt revisions to the criteria  
3 and guidelines for the Clean Vehicle Rebate Project, established  
4 pursuant to Section 44274, to ensure all of the following:

5 (A) Rebate levels are phased down in multiyear increments  
6 based on cumulative sales levels as determined by the state board.

7 (B) Modifications are adopted to both improve effectiveness  
8 and ensure that the program better serves persons of low and  
9 moderate incomes.

10 (C) Qualified low-income motor vehicle owner participants in  
11 the Enhanced Fleet Modernization Program, established pursuant  
12 to Article 11 (commencing with Section 44125) of Chapter 5, are  
13 eligible for rebates for the purchase of both new zero-emission  
14 and near-zero-emission light-duty vehicles that are eligible for  
15 rebates under the Clean Vehicle Rebate Project, established  
16 pursuant to Section 44274, and used zero-emission and  
17 near-zero-emission light-duty vehicles that were eligible for rebates  
18 when they were originally purchased.

19 (D) Consideration of the conversion to point-of-sale rebates or  
20 other methods to increase participation rates.

21 (3) No later than June 30, 2015, adopt revisions to the criteria  
22 and guidelines for the Hybrid and Zero-Emission Truck and Bus  
23 Voucher Incentive Project to ensure program eligibility for a truck  
24 and bus retrofitted or remanufactured to be a zero-emission or  
25 near-zero-emission vehicle.

26 (4) Establish programs that further increase access and direct  
27 benefits for disadvantaged and low- and moderate-income  
28 communities from electric transportation, including, but not limited  
29 to, any of the following:

30 (A) A loan or loss reserve credit enhancement program to  
31 increase consumer access to zero-emission and near-zero-emission  
32 vehicle financing and leasing options that can help lower  
33 expenditures on transportation.

34 (B) Car sharing programs that serve disadvantaged communities  
35 and incorporate zero-emission and near-zero-emission vehicles.

36 (C) Deployment of charging infrastructure in multiunit dwellings  
37 in disadvantaged communities to remove barriers to zero-emission

- 1 and near-zero-emission vehicle adoption by those who do not live
- 2 in detached homes.

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